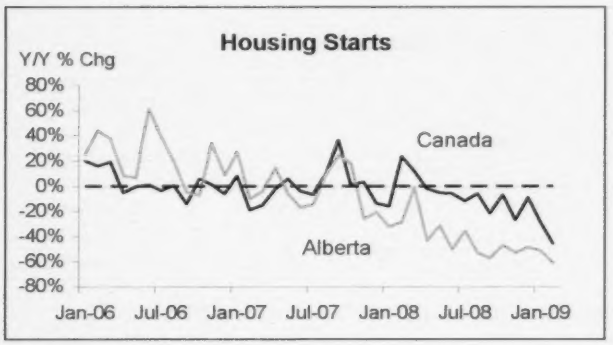
Housing Starts

A disheartening decline...

The Alberta housing industry collapse continued in February, as housing starts plunged 60.9% from a year earlier. While the picture was most grim in Alberta and British Columbia (-68.3%), across Canada housing starts were down by 45.9%. Nova Scotia, up 7.0%, was the only province to register an increase.



New Housing Price Index

House prices drop...

New housing prices in Alberta fell 8.4% on a year-over-year basis in January, mirroring the decline in housing starts. Average Canadian prices slid as well, by 0.8%; the first year-over-year decrease since January 1997. The percentage of Albertan mortgages in arrears increased to 0.4% in December, above the national average of 0.3%. Although still low, the number of Albertan mortages in arrears have been increasing since December 2007, after falling for almost four years.

International Merchandise Trade

International trade contracts...

Alberta merchandise exports declined by 27.3% year-over-year in January, driven primarily by a 31.5% fall in energy exports. Agriculture exports fell as well, by 3.4%, but machinery and equipment exports were up by 15.7%. Across Canada exports were down 22.0%, widening the trade deficit to $993 million in January. In the US, on the other hand, the goods and services trade deficit narrowed to $36.0 billion.

↑	**Canadian Dollar (US¢/CS)**	
	March 13, 2009	78.44
	March 6, 2009	77.74
	2008-09 YTD	90.06
↑	**WTI Oil US$/bbl**	
	March 12, 2009	$ 47.03
	March 5, 2009	$ 43.61
	2008-09 YTD	$ 88.55
↓	**Nymex Natural Gas C$/MMBtu** *	
	Near-month Contract	
	March 13, 2009	$ 5.05
	March 6, 2009	$ 5.08

* Estimate based on Nymex Futures Market Price

Labour Force Survey

Employment falls...

Seasonally adjusted employment in Alberta fell by 23,700 between January and February, contributing to a percentage point increase in the unemployment rate. However, the Alberta unemployment rate, which reached 5.4% in February, is still far below the overall Canadian average of 7.7%.

US Economy

Markets rebound...

Between Tuesday and Thursday this week, US markets staged their largest three-day rally since November, on the strength of positive news from retail sales and the financial sector. While seasonally-adjusted retail and food services sales declined 0.1% between January and February, spending increased by 0.7% excluding motor vehicles and parts. On the finance side, news that some of the major banks have regained profitability resulted in significant increases in equity indices around the world. The S&P/TSX Composite, for example, rose 9.5%, closing out Thursday at 8,282.27.

Oil prices hovered in the mid-$40s this week, edging up on rising equity prices and news that OPEC will be weighing another production cut at a meeting this weekend.

Alberta CURRENT ECONOMIC INDICATORS

March 13, 2009

Overall Economy	2007	2008	2009YTD*	(year-over-year % change unless otherwise noted) Sept	Oct	Nov	Dec	Jan	Feb
Real GDP (in 2002 $billions)	187.5	--	--	--	--	--	--	--	--
% change	3.1	--	--	--	--	--	--	--	--
Nominal GDP ($ billions)	258.9	--	--	--	--	--	--	--	--
% change	8.1	--	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,511	3,585	--	--	3,611	--	--	--	--
% change	2.6	2.1	--	--	2.4	--	--	--	--
Net Interprovincial Migraton[1] (level)	33,809	10,010	--	--	4,927	--	--	--	--
Net International Migration[1] (level)	16,136	19,283	--	--	4,907	--	--	--	--
Net Non-permanent Residents[1] (level)	13,539	17,890	--	--	8,061	--	--	--	--
Labour Market									
Employment (000's) NSA	1,959	2,013	2,014	2,022	2,035	2,032	2,023	2,026	2,002
% change NSA	4.7	2.8	0.7	2.3	3.2	3.2	1.5	1.2	0.2
Unemployment Rate (%) NSA	3.5	3.6	4.9	3.8	3.7	3.5	4.2	4.4	5.4
Average Hourly Wage Rate NSA	6.0	5.7	5.3	5.5	6.2	5.0	4.1	6.2	4.5
Average Weekly Earnings	4.5	4.8	--	5.8	3.9	5.8	4.0	--	--
Labour Income[2]	11.4	8.6	--	8.2	--	--	--	--	--
Price Indices									
Consumer Price Index	5.0	3.1	1.2	2.8	2.4	2.1	1.9	1.2	--
Excluding food and energy	4.9	1.9	1.5	1.1	1.3	1.8	1.7	1.5	--
Non-Res. Const. Cost Index[3] (quarterly)	17.3	13.2	--	--	--	8.8 (Q4)	--	--	--
Farm Product Price Index	14.3	11.1	--	-0.6	1.3	-0.9	-4.7	--	--
Crops	41.4	26.3	--	-4.8	-9.2	-14.9	-20.7	--	--
Livestock	0.7	2.1	--	9.9	14.5	17.7	13.5	--	--
Household Sector									
Housing Starts (SAAR, 000's) NSA	48.1	29.0	15.2	24.1	25.2	20.5	20.0	17.2	13.1
% change	-2.1	-39.7	-56.1	-57.2	-46.8	-52.7	-48.3	-51.5	-60.9
New Housing Price Index	22.5	0.7	-8.4	-3.4	-4.5	-5.1	-6.1	-8.4	--
Edmonton NSA	32.1	1.0	-10.4	-5.8	-7.7	-7.9	-8.2	-10.4	--
Calgary	16.2	0.6	-6.5	-1.2	-1.6	-2.5	-4.3	-6.5	--
MLS Average Resale Prices	24.3	-1.4	--	-5.0	-3.7	-4.2	-7.4	-10.0	--
Edmonton	34.3	-2.0	--	-5.6	-8.6	-2.0	-5.7	-4.5	--
Calgary	18.7	-2.9	--	-6.0	-5.6	-6.0	-9.4	-11.4	--
Retail Sales	9.3	-0.2	--	2.1	3.1	-5.9	-7.9	--	--
New Motor Vehicle Sales	3.3	-7.2	--	-1.9	-2.6	-11.6	-23.3	--	--
Business Sector									
Public and Private Investment[4]	9.1	3.6	-14.0	--	--	--	--	--	--
Mining and oil and gas[4]	0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling	-35.2	-2.1	-24.4	6.9	18.3	3.5	-10.2	-24.4	-43.9
Goods Exports (customs based)	5.3	33.2	-27.3	50.9	43.5	16.4	-7.9	-27.3	--
Energy NSA	4.4	40.9	-31.5	63.7	50.8	18.0	-7.9	-31.5	--
Agriculture	9.8	28.6	-3.4	24.3	31.5	35.8	16.8	-3.4	--
Total Farm Cash Receipts (quarterly)	11.9	15.2	--	18.4 (Q3)	--	--	8.5 (Q4)	--	--
Manufacturing Shipments	1.9	6.9	--	20.6	7.6	-4.7	-7.8	--	--
Wholesale Trade	4.5	10.9	--	21.4	14.8	7.4	14.3	--	--
Building Permits	13.4	-16.5	-51.6	-12.0	-43.8	-14.7	-29.1	-51.6	--
Residential	10.7	-31.5	-66.1	-37.2	-35.2	-42.2	-37.2	-66.1	--
Non-residential	17.1	3.7	-39.3	28.3	-50.6	24.5	-21.4	-39.3	--

Alberta Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). Year-to-date value is actual 2008. The October population estimate is also the 2009 year-to-date value.

[2] Total income earning in Alberta including wages and salaries, and supplementary income.

[3] Average of Calgary and Edmonton.

[4] 2009 based on initial investment intentions, 2008 preliminary actuals, and 2007 actuals

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Winter 2009)											
Real GDP Growth											
2007 (actuals, Statistics Canada)	**2.7%**	9.1%	2.4%	1.7%	1.7%	2.7%	2.3%	3.3%	2.5%	**3.1%**	3.0%
2008	**0.7%**	1.0%	1.2%	1.6%	1.1%	1.0%	0.0%	2.7%	5.4%	**0.6%**	1.0%
2009	**-0.5%**	-2.6%	0.6%	-0.3%	0.2%	-0.4%	-1.2%	1.0%	1.6%	**-0.5%**	-0.1%
Population (As of October 1, 2008)											
Population	**33,441,277**	508,944	140,750	939,125	747,790	7,771,854	12,977,059	1,210,547	1,020,847	**3,610,782**	4,405,534
Annual Growth Rate[a]	**1.19%**	0.30%	1.54%	0.26%	0.19%	0.87%	1.07%	1.10%	1.49%	**2.36%**	1.64%
Net Interprovincial Migration											
2008 Census Year (July 1 2007 to June 30 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
3rd Quarter (July 1 to September 30 2008)		823	127	-722	-741	-3,046	-3,200	-1,515	2,064	**4,927**	1,484
Employment											
Level Change (000s)[b] NSA	**-232.3**	-7.6	-1.5	8.8	-2.4	-62.6	-143.4	5.7	14.5	**4.4**	-48.2
Percent Change[b] NSA	**-1.4%**	-3.7%	-2.3%	2.0%	-0.7%	-1.6%	-2.2%	1.0%	2.9%	**0.2%**	-2.1%
Unemployment Rate, 2009 avg NSA	**7.5**	14.7	12.1	8.8	8.8	7.8	8.4	4.7	4.4	**4.9**	6.4
Participation Rate, 2009 avg NSA	**67.4**	59.1	67.5	64.8	64.9	65.2	67.7	69.6	70.5	**74.8**	65.8
Average Weekly Earnings (SA)											
December 2008	**801.92**	752.98	660.85	697.05	750.22	757.41	832.88	735.22	773.63	**888.97**	773.25
% Increase[c]	**2.7%**	3.4%	5.1%	2.8%	3.6%	3.0%	2.6%	2.8%	4.6%	**4.0%**	0.5%
Wage Settlements (February 2009)										**5.9%**	
CPI Inflation											
January Annual	**1.1%**	0.9%	-0.1%	-0.1%	-0.5%	0.5%	1.4%	1.4%	2.4%	**1.2%**	1.4%
Excluding Shelter	**0.3%**	-0.2%	-0.2%	-0.7%	-1.0%	-0.2%	0.3%	0.4%	0.1%	**0.5%**	1.1%
Housing Starts (000s)											
SAAR February 2009 NSA	**134.6**	2.8	0.6	4.6	3.6	38.2	47.3	4.1	4.0	**13.1**	16.3
Retail Sales											
Percent Change[c]	**-4.8%**	0.6%	0.9%	-0.4%	1.6%	-0.1%	-5.8%	-0.4%	-1.4%	**-7.9%**	-10.4%
Avg. Monthly % Change (Jan-Dec 2008)	**-0.5%**	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.6%	-0.2%	-0.2%	**-0.9%**	-1.0%
Manufacturing Shipments											
Percent Change[c]	**-6.5%**	-33.7%	-7.6%	-12.9%	-30.8%	-3.0%	-5.5%	2.8%	-0.9%	**-7.8%**	-10.7%

a. Over the past 12 months
b. February 2009 Y/Y change, unadjusted for seasonal effects
c. December 2008 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted

Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada

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